Medicare Prescription Drug Plan Enrollment Reconciliation
March 28, 2006

Background: The Medicare prescription drug benefit took effect on January 1, 2006. Beneficiaries could begin enrolling in prescription drug plans on November 15, 2005 for coverage effective January 1st. Certain beneficiaries who also are eligible for Medicaid were auto-assigned to a plan to assure continuation of drug coverage, and "dual-eligible" beneficiaries can select a new plan any time. Additionally, all beneficiaries may change plans once between January 1 and May 15, 2006.

Issue: To ensure that all enrolled beneficiaries would have access to prescription drug coverage in the early days of the new program, particularly for dual-eligible beneficiaries who switched plans later in the month, CMS advised plans in January to delay processing of certain disenrollments. In early February, many plans began processing disenrollments. As a result of the January CMS instruction and some plans' decision to continue delaying disenrollments into February or March, certain beneficiaries have had access to coverage under more than one plan: the initial plan that continued coverage, and a subsequent plan chosen by the beneficiary or an agent acting on their behalf (the Medicare "plan of record").

Plan Reconciliation Steps: As the startup of the drug benefit progresses, CMS is now taking steps to ensure that all beneficiaries who changed plans are appropriately disenrolled from their initial plan by April 30, 2006. This process of reconciling plan enrollments will assure consistent coverage, allow appropriate tracking of out-of-pocket costs, permit payments to be fully reconciled between plans, and most importantly, ensure that each beneficiary continues to receive drug coverage smoothly and consistently. Because some beneficiaries have continued to use services in their original plan and may prefer to continue in it, these beneficiaries will have a special opportunity to elect to do so. The special enrollment reconciliation is a 3-step process that includes (1) beneficiary notice of disenrollment, (2) an opportunity to confirm enrollment in the plan of record or to re-enroll in the initial plan, and (3) payment reconciliation between plans. Of course, dual-eligible beneficiaries can choose to re-enroll in their original plan at any time, before and after this process. And all beneficiaries will continue to receive drug coverage through this process, either through the plan of record (which already is covering them) or through their initial plan.

- **Beneficiary Notice.** CMS has instructed plans to notify any beneficiary who made a subsequent plan election but has continued to access benefits under their initial plan that, consistent with their election, they will be disenrolled from the initial plan effective April 30, 2006. CMS is providing letterhead and approved language for plans to use when notifying beneficiaries. Letters must be sent by March 27, 2006. Any beneficiaries who have not used any services in the initial plan and who have not already been disenrolled will be disenrolled by March 31st. No notice is necessary to this group.

- **Enrollment Confirmation.** Plan letters to beneficiaries will notify beneficiaries that they may contact 1-800-MEDICARE to confirm current plan enrollment. It also informs beneficiaries that they may request reenrollment into the initial plan. A requested re-enrollment will be retroactive to the beneficiary's original enrollment effective date in the

initial plan (i.e., January 1st or February 1st). Customer service representatives at 1-800-MEDICARE will be able to identify the beneficiary's plan of record, can re-enroll the beneficiary in the initial plan upon request, and can answer any other beneficiary questions about their coverage. It is important to note that whether a beneficiary chooses to remain in the plan of record or to re-enroll in their initial plan, the beneficiary is entitled to receive continuous coverage. They are already receiving coverage through their plan of record, and only those beneficiaries who have also been receiving coverage under their initial plan will get the special notification letter to enable them to continue that coverage if they wish to do so.

- **Transition:** If a plan member is using the plan's benefit for the first time, or if a member has been using benefits under more than one plan, the plan will be expected to provide a new 30-day transition period.

- **Payment Reconciliation.** CMS will facilitate payment reconciliation between plans for any benefits provided prior to disenrollment. In the case of beneficiaries who have been using services in their initial plan and choose to continue that coverage in this reconciliation process, payments to the initial plan will include retroactive capitation payments and any other allowable administrative costs.